



**Guidance for Local Road Agency Transfers of Act 51 Street Funds**  
**Pursuant to Act 51, §12 and §13, as amended**  
**\*\*\*\*\***

**Introduction:**

Transfers between the Major and Local Street funds (street funds) are allowed pursuant to the limitations established in Act 51, Section 12 (MCL 247.662) and Section 13 (MCL 247.663). Transfers of street funds to any other fund are NOT allowed.

**Legislation:**

Article 9, Section 9 of the Constitution of Michigan of 1963 states: “All specific taxes, except general sales and use taxes and regulatory fees, imposed directly or indirectly on fuels sold or used to propel motor vehicles upon highways and to propel aircraft and on registered motor vehicles and aircraft shall, after the payment of necessary collection expenses, be used exclusively for transportation purposes as set forth in this section.”

Attorney General Opinion #5558 of 1979 states: “The language of the Constitution has established the parameter within which revenues reserved for road programs may be spent as being the planning, administering, construction, reconstruction, financing, and maintaining of state, county, city, and village roads, streets, and bridges and their appurtenances. ... the explicit recitation of six transportation purposes compels the conclusion that the revenue reserved for transportation in the current provisions of Const 1963, Art 9, § 9, shall be used for these purposes and none other.” “... in order to avoid a direct conflict with a constitutional provision, there may not be any transfer, loan, diversion, or appropriation of those funds designated for use in road programs to some other use not contemplated by the Constitution.”

**Practice/Procedure:**

Revenues deposited into the street funds take on the restricted nature of those funds and subsequently cannot be transferred out.

- Transfers between the Major Street and Local Street funds are allowed per Act 51, Section 13(6), however, transfers-out of the Major Street or Local Street funds to any other fund are not allowed.
- Revenues/appropriations may be transferred/deposited from other unrestricted funds. These amounts may not be transferred back after the close of the fiscal year if not expended in that year. For example: Appropriations from the General Fund may be transferred into the Major and Local Street funds in any amount, but cannot be transferred back to the General Fund once the fiscal year ends.

- Act 51 Eligible Street fund expenditures must be recorded in the street funds.
- MTF funds that are distributed to County Road Commissions or County Road Departments through the County Treasurer are also restricted to transportation use and cannot be transferred to other funds. Transfers from Primary or Local Road funds to any other accounts are not allowed. Any funds that are transferred into Road fund accounts take on the restricted nature of these funds.

**Contact Person**

Questions related to municipal transfers should be directed to:

Lori Cole, Financial Specialist  
Financial Operations Division  
Michigan Department of Transportation  
P.O. Box 30050  
425 W. Ottawa St  
Lansing, MI 48909  
(517) 335-2556  
colel@michigan.gov